

Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 CIAE-00 INR-07 NSAE-00 PA-02
USIA-15 PRS-01 SP-02 STR-04 AID-05 COME-00 EB-08
FRB-01 TRSE-00 XMB-04 OPIC-06 LAB-04 SIL-01
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FM AMCONSUL TURIN
TO SECSTATE WASHDC 0700
INFO AMEMBASSY ROME
AMCONSUL MILAN
AMEMBASSY PEKING

UNCLAS TURIN 0192

E.O. 11652: N/A
TAGS: ECON, BEXP, IT
SUBJ: FIAT TRIP TO PEOPLE'S REPUBLIC OF CHINA
REPORTED UNSUCCESSFUL

REF: TURIN 0114

1. DR. NICCOLO GIOIA, IN CHARGE OF INTERNATIONAL AFFAIRS
AT FIAT AND MEMBER OF COMPANY S 15-MAN BOARD OF DIRECTORS,
RECENTLY RETURNED FROM WHAT WAS APPARENTLY UNSUCCESSFUL
7-DAY TRIP TO PEOPLE S REPUBLIC OF CHINA.

2. TRIP REPORTEDLY UNDERTAKEN, AS STATED BY OFFICIAL FIAT
SPOKESMAN, AT THE REQUEST OF PRC GOVERNMENT AND INCLUDED
AN ENTOURAGE OF TOP FIAT EXECUTIVES. ACCORDING TO REPORTS IN
PRESS, LATER CONFIRMED TO US OFFICIALLY, PRC EXPRESSED
INTEREST IN POSSIBLE PLANT CONSTRUCTIONS IN SIX FIAT
SECTORS INCLUDING COMAU (MACHINE TOOLS), FIAT-ALLIS
(FIAT-ALLIS CHALMERS FOR TRACTORS), FIAT-TRATTORI (FARM
MACHINERY), IVECO (FIAT/OM/MAGIRUS-DEUTZ/UNIC/LANCA FOR
INDUSTRIAL VEHICLES), OM-CARRELLI (TRUCKS, CONVEYORS), AND AIFO
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(ALL-PURPOSE INDUSTRIAL DIESEL AND GAS ENGINES). IT
APPEARS, HOWEVER, THAT NO AGREEMENT WAS REACHED BETWEEN
FIAT AND PRC AT CONCLUSION OF TRIP.

3. IN RECENT DISCUSSION WITH FIAT OFFICIAL CONCERNING
RESULTS OF TRIP HE CLARIFIED PREVIOUS STATEMENTS SURROUNDING
INITIATION OF TRIP AND PRESENT PROBLEMS INVOLVED IN

PRC-FIAT NEGOTIATIONS.

4. HE STATED THAT FIAT HAD BEEN INTERESTED IN PRC MARKET FOR SOMETIME BUT WAS UNABLE TO INVESTIGATE TOTAL MARKET POSSIBILITIES WITHOUT OFFICIAL INVITATION FROM PRC GOVERNMENT. AS A RESULT, WHEN FIAT PRESIDENT MADE TRIP TO PRC IN AUTUMN OF 1975 UNDER AUSPICES OF CONFINDUSTRIA (AGNELLI WAS PRESIDENT OF THIS NATIONAL MANUFACTURERS ASSOCIATION AT THAT TIME) HE LAID GROUNDWORK FOR EVENTUAL INVITATION WHICH PROCEEDED HIS TRIP.

5. FIAT OFFICIALS NOTED THAT PRC GOVERNMENT OFFICIALS INVOLVED IN NEGOTIATIONS DURING MR. GIOIA'S TRIP HAD BEEN 'VERY HARD BARGAINERS' AND, THEREFORE, AT CONCLUSION OF NEGOTIATIONS FIAT OFFICIALS WERE UNABLE TO PRESENT ACCEPTABLE PROPOSALS TO PRC GOVERNMENT. HE NOTED, HOWEVER, THAT ANOTHER TRIP TO PRC WAS PLANNED BY DR. GIOIA SOMETIME IN NOVEMBER WHICH FIAT HOPED WOULD RESULT IN MORE CONCRETE PROPOSALS.

6. COMMENTS:

IN RECENT FIAT INVESTMENT-SEEKING VENTURES ABROAD, FIAT OFFICIALS HAVE INDICATED THAT INITIAL INTEREST IN THESE MARKETS WAS RESULT OF REQUESTS ON PART OF COUNTRIES INVOLVED AND NOT FIAT. MANY PROMINENT FIGURES IN TURIN BUSINESS CIRCLES SPECULATE, HOWEVER, THAT INTEREST (PARTICULARLY IN CASE OF PRC) WAS REALLY INITIATED BY FIAT BUT BECAUSE OF CURRENT FIAT DIFFICULTIES VIS-A-VIS ITALIAN LABOR UNIONS WHICH ENCOURAGE FIAT CONCENTRATION OF UNCLASSIFIED

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INVESTMENTS IN ITALY, FIAT HAS BEEN FORCED TO PLAY OFFICIAL 'LOW-KEY' INVESTMENT ROLE ABROAD. THEY CONTEND, HOWEVER, THAT BECAUSE OF FIAT'S UNSUCCESSFUL NEGOTIATIONS WITH PRC GOVERNMENT THE COMPANY WAS FORCED TO GIVE MORE DETAILED INFORMATION CONCERNING SINCERITY OF PRC'S INITIAL INTEREST IN FIAT.

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